

## **HB 3881 -2, -3 STAFF MEASURE SUMMARY**

### **House Committee On Rules**

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**Prepared By:** Erin Seiler

**Meeting Dates:** 5/14

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#### **WHAT THE MEASURE DOES:**

The measure adds school districts, education service districts, and public charter schools to the definition of “qualifying agency” for the purpose of apprenticeship utilization requirements and requirement to establish and implement plan for outreach to and recruitment and retention of women, minority individuals, and veterans on public improvement projects. It requires a contractor demonstrate, as part of the qualifying agency’s process for determining a responsible bidder, material compliance with federal and state laws related to occupational and safety and health and wage rate and hours during the previous three years. The measure exempts school districts, education service districts, and public charter schools from requirements if a contractor enters into a project labor agreement. The measure applies to a solicitation for a public improvement project or public improvement contract that a qualifying agency enters into on or after January 1, 2026. The measure takes effect on the 91<sup>st</sup> day following adjournment sine die.

#### Detailed Summary:

Adds school districts, education service districts, and public charter schools to the definition of “qualifying agency” for the purpose of apprenticeship utilization requirements and requirement to establish and implement plan for outreach to and recruitment and retention of women, minority individuals, and veterans on public improvement projects, to the extent that all or some public funds are used for construction costs of public improvement project.

Requires school districts, education service districts, and public charter schools on public improvement project of \$3 million or more to require each contractor to employ apprentices to perform 15 percent or more of work hours that workers in apprenticeable occupations perform; requires each subcontractor, with contract price of \$750,000 or more, to employ apprentices to perform 15 percent or more of work hours that workers in apprenticeable occupations perform on public improvement; and requires each contractor and subcontractor to establish and implement plan for outreach to and recruitment and retention of women, minority individuals, and veterans to perform work.

The measure applies to a solicitation for a public improvement project or public improvement contract that a school district, education service district, and public charter school enters into on or after January 1, 2026.

Fiscal impact: May have fiscal impact

Revenue impact: No revenue impact

#### **ISSUES DISCUSSED:**

#### **EFFECT OF AMENDMENT:**

-2 Replaces the measure.

Adds a school district, that applies for and receives School Capital Improvement Matching Program grant funds, to the definition of qualifying agency for the purpose of apprenticeship utilization requirements and requirement to establish and implement plan for outreach to and recruitment and retention of women, minority individuals, and veterans on public improvement projects.

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Requires the school district to retain in its general fund any reduction in payment due under a public improvement contract to a contractor when the contractor does not meet the apprenticeship requirements.

The measure applies to a solicitation for a public improvement project or public improvement contract that a qualifying agency enters into on January 1, 2026.

Permits Attorney General, Oregon Department of Transportation, Department of Administrative Services, Bureau of Labor and Industries, and a qualifying agency to adopt rules and take any other action before the operative date.

Takes effect on the 91st day following adjournment sine die.

Removes changes to responsible bidder requirements.

Removes exemption for use of Project Labor Agreement.

Fiscal impact: Fiscal impact issued

Revenue impact: No revenue impact

-3 Adds school district that a school district that applies for School Capital Improvement Matching Program grant funds from the Department of Education to the definition of qualifying agency for the purpose of apprenticeship utilization requirements and requirement to establish and implement plan for outreach to and recruitment and retention of women, minority individuals, and veterans on public improvement projects.

For purposes of public improvement contract that exceeds \$3 million, a school district may provide in the contract that the apprenticeship utilization goal is an aspirational target for the contractor to strive to meet.

For purposes of public improvement subcontract that exceeds \$750,000, a school district may provide in the contract that the apprenticeship utilization goal is an aspirational target for the subcontractor to strive to meet.

Exempts school districts from requirement that the payment to the contractor be reduced when the contractor does not meet the apprenticeship requirements.

The measure applies to a solicitation for a public improvement project or public improvement contract that a qualifying agency enters into on January 1, 2026.

Permits Attorney General, Oregon Department of Transportation, Department of Administrative Services, Bureau of Labor and Industries, and a qualifying agency to adopt rules and take any other action before the operative date.

Takes effect on the 91st day following adjournment sine die.

Removes changes to responsible bidder requirements.

Removes exemption for use of Project Labor Agreement.

### **BACKGROUND:**

ORS 279C.533 requires a qualifying agency on a public improvement project of \$3 million or more to require each contractor to employ apprentices to perform 12 percent or more of work hours that workers in apprenticeable occupations perform; requires each subcontractor, with contract price of \$750,000 or more, to employ apprentices to perform 12 percent or more of work hours that workers in apprenticeable occupations perform on public improvement; and requires each contractor and subcontractor to establish and implement plan for outreach to and recruitment and retention of women, minority individuals, and veterans to perform work. The apprenticeable utilization threshold increases to 15 percent January 1, 2027.

House Bill 3881 expands the definition of “qualifying agency” for the purposes of the apprenticeship utilization and outreach and recruitment requirements to include school districts, education service districts, and public charter schools.

ORS 279C.375 addresses the legal requirements and procedures for awarding public improvement contracts in Oregon. The statute includes the requirements a contracting agency utilizes for determining a responsible bidder as well as what a responsible bidder must demonstrate to the contracting agency. HB 3881 requires a contractor demonstrate, as part of the agency’s process for determining a responsible bidder, material compliance with federal and state laws related to occupational and safety and health and wage rate and hours during the previous three years.